

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-04 H-01 INR-07 L-03 NSAE-00  
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TO SECSTATE WASHDC 9614  
INFO AMEMBASSY BONN  
AMEMBASSY LONDON  
AMEMBASSY MADRID  
AMEMBASSY MOSCOW  
AMCONSUL OPORTO  
AMEMBASSY PARIS  
AMCONSUL PONTA DELGADA  
USMISSION NATO  
DIA WASHDC  
USCINCEUR VAIHINGEN GER

C O N F I D E N T I A L SECTION 1 OF 2 LISBON 8791

E.O. 11652: XGDS-4  
TAGS: PINT, PO  
SUBJECT: LEGISLATIVE ASSEMBLY HOLDS CENTER STAGE

SUMMARY: THE LEGISLATIVE ASSEMBLY HAS BECOME THE PRINCIPAL ARENA FOR CHALLENGES TO THE GOVERNMENT. OPPOSITION PARTIES ARE UNHAPPY WITH WHAT THEY REGARD AS THE GOVERNMENT'S TENDENCY TO USE THE ASSEMBLY AS A RUBBER STAMP. CONFLICTS WITHIN THE ASSEMBLY WILL SEVERELY TEST THE SOCIALIST PARLIAMENTARY STRATEGY OF SEEKING SUPPORT ON EITHER THE LEFT OR THE RIGHT DEPENDING UPON THE ISSUE. WITH THE SPECTER OF STALEMATE IN THE ASSEMBLY, PRESIDENT EANES'S ROLE AS MODERATOR TAKES ON ADDED IMPORTANCE. END SUMMARY.

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1. CONFRONTATION CHANGES VENUE: THE LEGISLATIVE ASSEMBLY HAS BECOME THE PRINCIPAL ARENA FOR CHALLENGES TO THE GOVERNMENT. ALL OPPOSITION PARTIES ARE UNHAPPY WITH WHAT THEY REGARD AS THE GOVERNMENT'S TENDENCY TO USE THE ASSEMBLY AS A RUBBER STAMP, AND ITS FAILURE TO CONSULT WITH OTHER PARTIES BEFORE

MAKING IMPORTANT DECISIONS. ANIMOSITIES GENERATED BY THE ELECTIONS HAVE FUELLED THE OPPOSITION. GENERALIZED CRITICISM OF THE GOVERNMENT PROGRAM HAS BECOME SPECIFIC. THE GROWING LIST OF CONFLICTS INCLUDES:

- CRITICISM OF GOVERNMENT USE OF THE MEDIA DURING THE CAMPAIGN. THE OPPOSITION, FROM CENTER DEMOCRATS TO COMMUNISTS, JOINED IN A SUCCESSFUL PROTEST VOTE AGAINST THE GOVERNMENT.
- REJECTION OF THE "CHRISTMAS BONUS" FORCED-SAVING PLAN. REFUSAL OF THE OPPOSITION TO GO ALONG KILLED PROSPECTS FOR IMPLEMENTATION THIS YEAR.
- THE "O SECULO" AFFAIR. GOVERNMENT REFUSAL TO ACCEPT SOCIAL DEMOCRATIC DEPUTY NANDIM DE CARVALHO AS DIRECTOR OF "O SECULO" HAS EMBITTERED RELATIONS WITH THE PSD, EVEN THOUGH THE GOVERNMENT WILL PROBABLY GET ITS WAY.
- DEBATE ON THE 1977 BUDGET. ALL OPPOSITION PARTIES HAVE ANNOUNCED THEY WILL OBJECT TO PORTIONS OF THE BUDGET OR THE ACCOMPANYING ECONOMIC PLAN. THE VOTE ON THE PLAN WILL GIVE THE OPPOSITION A SECOND SHOT AT THE GOVERNMENT PROGRAM, THIS TIME WITH THE RULES FAVORING THE OPPOSITION. THE BURDEN IS ON THE GOVERNMENT TO OBTAIN APPROVAL OF THE POLICY LINES OF THE PLAN RATHER THAN ON THE OPPOSITION TO VOTE THEIR REJECTION.

2. ASSEMBLY HOLDS CENTER STAGE: BY CONFIRMING THE EXISTING BALANCE OF POLITICAL FORCES, THE DEC 12 ELECTIONS HAVE FOCUSED RENEWED ATTENTION UPON THE ASSEMBLY; BOTH GOVERNMENT AND OPPSOITION KNOW THAT IF CHANGE IS TO OCCUR CONSTITUTIONALLY, CONFIDENTIAL

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IT MUST COME AT THE HANDS OF THE ASSEMBLY. BUT THE ASSEMBLY IS SUFFERING FROM GROWING PAINS. IT IS STILL DEFINING ITS ROLE. THERE ARE NO PRECEDENTS. THE PARLIAMENTARY LEADERSHIP, PARTICULARLY THAT OF AGING PRESIDENT VASCO DA GAMA FERNANDES, IS UNCERTAIN. INEXPERIENCE SHOWS AT ALL LEVELS. STAFF AND MATERIAL SUPPORT IS WOEFULLY INADEQUATE. QUALITY AMONG THE DEPUTIES IS UNEVEN. IN MOST PARLIAMENTARY GROUPS, FIVE OR SIX INDIVIDUALS CARRY THE LOAD FOR THE ENTIRE DELEGATION.

3. HOW THE PARTIES SEE IT: THE ROLE OF THE PARLIAMENTARY OPPOSITION IS UNCLEAR; THE PARTIES VIEW IT DIFFERENTLY.  
--THE SOCIALISTS CITE THE DUTIES OF THE "LOYAL OPPOSITION" AT A TIME OF NATIONAL CRISIS. BUT THE SOCIALISTS OFTEN FIND IT DIFFICULT TO DRAW THE LINE BETWEEN GOVERNMENT AND PARTY. SOARES AT TIMES CONFUSES HIS RESPONSIBILITIES AS GOVERNMENT LEADER WITH THOSE OF PARTY LEADER. FOR THE SOCIALISTS, THE TASK IS MADE MORE COMPLEX BY AN UNHAPPY PARTY LEFT WING; THE POSSIBLE DEFECTON BY PS LEFT WING DEPUTIES IS A LINGERING

THREAT, ALTHOUGH THE PS ASSEMBLY LEADERSHIP MINIMIZES THE PROBLEM. ANTONIO REIS AND JAIME GAMA, VICE LEADERS OF THE PS PARLIAMENTARY GROUP, ASSERT THAT A LEFT-WING WALKOUT IS UNLIKELY. SHOULD A SPLIT OCCUR, THEY CLAIM THAT THE DISSIDENTS WOULD TAKE NO MORE THAN SIX OR SEVEN OF THE PARTY'S 107 DEPUTIES WITH THEM. FOR THE PS, 92 IS THE CRITICAL FIGURE; THAT IS THE NUMBER OF DEPUTIES THE SOCIALISTS NEED TO PREVAIL IN THE ASSEMBLY WITH THE SUPPORT OF ONE OTHER PARTY. SHOULD PS STRENGTH APPROACH THAT LEVEL, THE SOCIALISTS WOULD SEEK NEW ELECTIONS.

--THE OBJECTIVE OF THE SOCIAL DEMOCRATS IS TO BRING DOWN THE GOVERNMENT OR FORCE A WHOLESALE RESHUFFLING OF THE SOCIALIST ECONOMIC TEAM. THE PSD SHIFT TO OPEN OPPOSITION IS MOTIVATED BY SEVERAL FACTORS:

(A) SA CARNEIRO IS STILL BRISTLING BECAUSE OF SOARES'S RECENT DESCRIPTION OF THE PSD AS A "LIBERAL" PARTY HIDING BEHIND A SOCIAL DEMOCRATIC LABEL.

(B) FEAR OF CDS GAINS ON THE RIGHT AT PSD EXPENSE.

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(C) THE FAILURE OF THE "SOFT LINE" TOWARD THE SOCIALISTS TO PRODUCE CONCESSIONS FROM THE GOVERNMENT.

(D) SA CARNEIRO'S COMBATIVE CHARACTER. HE IS UNWILLING TO BACK AWAY FROM ANY FIGHT. THE "O SEUCULO" AFFAIR IS AN EXAMPLE.

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-- THE CENTER DEMOCRATS HAVE SOUGHT TO PREEMPT LEADERSHIP OF THE DEMOCRATIC OPOSITION. THE CDS DID NOT PARTICIPATE IN ANY OF THE VARIOUS PROVISIONAL GOVERNMENTS, IT VOTED AGAINST THE CONSTITUTION. THE PARTY TACKED TO THE RIGHT DURING THE RECENT CAMPAIGN TO HEAD OFF A POSSIBLE CHALLENGE FROM THE ULTRA-RIGHT. THE PSD MOVE TO OPEN OPPOSITION TO THE GOVERNMENT TURNS THE TABLES ON THE CDS. THE CENTER DEMOCRATS ARE NOW UNDER PRESSURE TO STEP UP THE PACE OF THEIR OPPOSITION TO AVOID LOSING SUPPORT ON THE RIGHT TO THE SOCIAL DEMOCRATS. BUT THE NEXT ELECTIONS COULD BE AS LONG AS THREE YEARS AWAY AND THERE IS SOME CHANCE THAT THE CDS LEADERSHIP, WHICH MAINTAINS EXCELLENT RELATIONS WITH SOARES AND THE PS LEADERSHIP, COULD CHOOSE TO DEAL WITH THE SOCIALISTS IN AN EFFORT TO SQUEEZE THE SOCIAL DEMOCRATS.

--THE COMMUNISTS, BUOYED BY THEIR STRONG ELECTION PERFORMANCE,  
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WOULD LIKE TO STRIKE A BARGAIN WITH THE SOCIALISTS, PREFERABLY ONE WHICH WOULD EASE THE PRESSURE ON PCP CADRES IN AGRICULTURE, EDUCATION, AND LABOR. CUNHAL HAS NOT GIVEN UP ON A POPULAR FRONT GOVERNMENT, BUT HE IS WILLING TO WAIT. ALTHOUGH THE COMMUNISTS HAVE ADVANCED SEVERAL ALTERNATIVES TO THE SOCIALIST GOVERNMENT, THEY SEE NO ACCEPTABLE ALTERNATIVE ON THE HORIZON. IF THE GOVERNMENT IS FORCED TO RELY ON PCP SUPPORT, COMMUNIST LEVERAGE WOULD INCREASE.

AT THIS POINT, SOME INFORMAL PLATFORM OF UNDERSTANDING WITH THE SOCIALISTS WOULD BE QUITE ACCEPTABLE TO CUNHAL AND COMPANY.

4. STRAINS ON PS PARLIAMENTARY STRATEGY: THE SOCIALIST PARLIAMENTARY STRATEGY OF SEEKING SUPPORT ON EITHER THE LEFT OR THE RIGHT DEPENDING UPON THE ISSUE WILL BE INCREASINGLY TESTED. IT WILL BE MADE MORE DIFFICULT BY:

- OPEN OPPOSITION BY THE PSD. THE POLARIZATION WHICH HAS TAKEN PLACE HAS SERIOUSLY ERODED THE POSITION OF PARTY "LIBERALS" LIKE FRANCISCO BALSEMAO AND THE "EXPRESSO" GROUP, WHO HAVE LONG ADVOCATED RAPPROCHEMENT WITH THE SOCIALISTS.
- EMBITTERED RELATIONS BETWEEN SOCIALISTS AND COMMUNISTS. THE PCP OBJECTIVE REMAINS PARTICIPATION IN THE GOVERNMENT. THE COMMUNISTS SEE THE SOARES GOVERNMENT AS THE LESSER OF AVAILABLE EVILS. BUT THAT MAY NOT ALWAYS BE THE CASE, PARTICULARLY SHOULD AN ISSUE ARISE ON WHICH THE GOVERNMENT

COULD BE BROUGHTDOWN IN SUCH A WAY AS TO REINFORCE THE POSITION OF THE COMMUNISTS AT SOCIALIST EXPENSE.

--PROBLEMS FROM PS LEFTWINGERS: PS INSIDERS CLAIM THAT LEFTWING DEPUTIES HAVE BEEN ISOLATED AND NEUTRALIZED. BUT EVEN IF LEFTWINGERS ARE EXPELLED FROM THE PARTY THEY WILL REMAIN IN THE ASSEMBLY, WHERE THEY WILL BE A CONTINUING IRRITANT AND POTENTIAL RALLYING POINT FOR FURTHER DISSIDENCE.

5. EANES MORE THAN EVER: WITH THE SPECTER OF STALEMATE IN THE ASSEMBLY, PRESIDENT EANES'S ROLE AS MODERATOR TAKES ON ADDED IMPORTANCE. EANES HAS AVOIDED BEING DRAWN INTO PARTISAN DISPUTES. BUT PRESSURES TO INTERVENE ARE INCREASING,

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PARTICULARLY FROM THE PSD AND THE CONSERVATIVE MILITARY. EANES IS KNOW TO BE UNHAPPY WITH THE PACE OF ECONOMIC RECOVERY; HE HAS INDICATED THAT HE WILL TAKE A MORE ACTIVE ROLE NOW THAT THE ELECTION CYCLE HAS BEEN COMPLETED.

6. IN SUM, WE ARE IN FOR A PERIOD OF HEIGHTENED POLITICAL ACTIVITY WITH THE LINES MORE SHARPLY DRAWN BETWEEN GOVERNMENT AND OPPOSITION. THE LEGISLATIVE ASSEMBLY IS LIKELY TO BE THE PRINCIPAL AREA. THE BUDGET WILL BE THE INITIAL TEST.

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